

INCOMING TELEGRAM

Department of State

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Control:18228

Rec'd: May 29, 1961

10:13 a.m.

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Info

FROM: Accra

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TO: Secretary of State

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NO: 1378, May 28, 10 a.m.

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I have just returned from five-day tour Western Region and wish add to Embassy comment on DEPIEL 1179 contained EMBTEL 1360 and unnumbered of May 25.

Embassy has heard report that Nkrumah considering postponement visit to Moscow until December, although Foreign Minister says no change. In any event, in view of fact Government of Ghana no longer in position guarantee availability its contribution to Akosombo Project, I believe now is propitious time to have serious talk with Nkrumah on wide range of economic and political topics. While I will, of course, make points DEPTTEL 1179 and following in this telegram, [REDACTED] recommendation that Governor Harriman come to Ghana for discussions. They should not be merely last-minute talk before signature of loan agreements but rather an integral part of negotiations with clear inference that eventual signature will depend on outcome. Talks here might be part of series of talks with other African leaders.

Discussion might:

1. Emphasize purpose is to assure success of project in which we are both so heavily investing; our investment is in fact heavier than Government of Ghana's.
2. Clarify where Government of Ghana will get funds for its contribution to project. Nkrumah cannot expect finance Ghana's /share of Akosombo

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share of Akosombo by borrowing, at least unless it convincingly demonstrates determination to pursue sound and consistent fiscal policies.

3. Emphasize that long-range success of project depends on private enterprise. It depends first on establishment and maintenance of atmosphere of mutual confidence between Valco and Government of Ghana. It is difficult to see how this confidence can prevail when all other private enterprise in Ghana, both foreign and domestic, is being systematically smothered as appears be long-range objective of Nkrumah socialism. Success of project also depends on willingness of private capital to invest in other power-consuming industries. Despite occasional protestations to contrary, Government of Ghana appears to be following course which tends discourage and frighten potential foreign investors, not only through prosecution of fiscal policy which will inevitably weaken Ghana pound and threaten orderly remission of earnings but also by rapprochement with SOVBLOC and its political system which inimical to private enterprise.

World Bank will undoubtedly wish have discussions with Nkrumah but I believe we should keep our talks bilateral to permit exploration correlative political matters. While recent trend Government of Ghana orientation has been away from West, Nkrumah's mounting internal and external problems could create more malleable state of mind than he has had since Congo.

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